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## 12. Social services by social enterprises: on the possible contributions of hybrid organizations and a civil society

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### INTRODUCTION

Today's developed societies are characterized by a general trend towards 'tertiarization', that is, a growing importance of services in all sectors of life and all areas of economic activity. Forecasts indicate that jobs in service sectors may soon make up about three-quarters of all jobs in the so-called 'developed' countries (Baethge and Wilkens, 2001). This chapter will focus on 'social services', that is, services to which a political community attributes not only an individual value but also a considerable value for groups, localities and society at large: Such a definition of social services clearly exceeds the core area of welfare services such as health and social care and it also includes services in the fields of culture and education. Given the importance attached to their externalities or the collective benefits they generate, the public policies that affect them, ranging from dense regulation to financing and production of social services directly by the state public sector, can have a significant impact.

In most developed countries the role of third sector organizations, especially as far as their role as providers is concerned, is closely linked with the development of social services. It is in the field of social services that they have a special role as pioneers of new ideas, or as organizations that fill gaps, cooperate with the public authorities or even take a para-state role as providers. However, it is not only the respective roles of public authorities and third sector organizations that vary and change when it comes to service provision. In the last decades there has been a massive increase in the role of markets and individual consumers in the provision of social services, as for example in health, education or social care. The result of all this is that, seemingly, in all welfare states insecurity or, to use a more positive term, openness has increased when it comes to the question of how to design these services, who should pay for them and how they should be managed. To what degree

will welfare states be able to fund and/or provide guaranteed social services for their citizens? What should be the role of markets and what should be the contribution of civil society and the third sector?

In light of this debate, this chapter aims to show why the notions of *hybrid organizations* and of *social enterprises* may be useful in overcoming two stereotypical viewpoints and answers. The first one is widely held among scholars in welfare studies, defining 'markets, families and government' as 'the three welfare pillars', and thereby simply omitting the role of social associations and a third sector (Esping-Andersen, 2002, p.11). The future of social services can then be situated on a bipolar axis of state and market funding/provision. Perhaps citizens, the civil society and its third sector are seen here merely as a casual 'alternative' form of provision. The second viewpoint is held by many scholars in third sector research and activists who share the perspective of a more 'civic' society (also in matters of welfare services). Anheier *et al.* (2001, p.3) have made it explicit when raising the question as to whether there is something like 'the right level' of a third sector in a given context. However, while sharing their viewpoint that there is insufficient evidence to provide an answer to the question 'how much of a third sector a country needs' (*ibid.*) we would reject the view that identifies a strengthening of civil society with the size of a sector altogether. Instead, a different analysis concerning the linkages between civil society, the third sector and social services will be given. Its focus is on the intermeshing of principles rather than on sectors, and it opts for 'civilizing' social services throughout the public realm. The arguments will be developed in three steps.

First of all, it will be argued that in the field of social services one observes changes concerning needs and the status of users, interrelated with special features of personal social services, such as their 'proximity' and their relational character. These changes have contributed to 'shifts in the welfare mix' (Evers, 1990). There are indications that the traditional clear-cut separation and the either/or of market-based, state-based and civil society-bound/third sector-based service units have become insufficient (first section).

Secondly, it will be argued that the increasingly mixed character of service systems is affecting the inner structure of social services and the respective providing institution itself. While the last decades have made state-market mixes familiar, all too often a third element has been overlooked: the presence of civil society, with its associations and various forms of community, in what has been termed the 'hybrid' structure of many social service organizations. However, the present forms and outcomes of hybridization processes are ambiguous, especially in the absence of a welfare strategy that responds positively to them (second and third sections).

The third and final thesis is that the approach that is introduced here breaks with the widespread attitude of underlining the differences between a (state-

based) public and a (civil society-based) third sector. Principles and resources from the civil society, that are rightly seen as being central to the makeup of third sector organizations, can also play a role in state and municipal social service organizations (fourth section).

## CHANGING ROLES OF MARKETS, WELFARE STATES AND CIVIL SOCIETY WITH RESPECT TO SOCIAL SERVICES: THE DRIVING FORCE BEHIND THE EMERGENCE OF HYBRID ORGANIZATIONS

Looking at the patterns of mutual linkages between the welfare state, market elements and civil society, three traditional key characteristics will be presented first. Each of them will be debated in conjunction with a view on personal social services as 'proximity services' (Eme and Laville, 1988, 1994; Laville, 1992; Laville and Nyssens, 2000). Secondly it will be shown that these characteristics have changed in a way that makes space for what are called here hybrid and entrepreneurial forms of services provision. While it is claimed that these observations hold true to different degrees for (liberal, corporatist and social-democratic) welfare regimes in Europe, it is questionable to what degree they matter for the US version of the 'liberal' welfare regime.

### Three Hallmarks of European Welfare Systems and their Form of Social Service Provision

The first hallmark can be described as *the primacy of the state and of hierarchical structures* in the process of the development of professional social service systems. When using the word 'primacy', it is indirectly stated that in all welfare states there are roughly two different areas of welfare services. One area has been very much the product of 'bottom-up' processes and this has remained the case to some degree; for example, care services for children and the elderly, cultural institutions and services throughout Europe are still comparatively decentralized. Here there is a considerable role for third sector organizations like associations and/or a special role for the municipalities situated on the fringes of the welfare state. On the other hand there is a sector of services that, irrespective of the influence that private and social initiatives may have had at the beginning, has run through numerous stages of increasing conformity and centralization. In France, for example, health mutuals have led the way to a state public health system (see Chaniel and Laville in Chapter 4); sometimes the 'top-down' elements have been strong from the very beginning;

in other cases, as in the British National Health Service (NHS), they have been introduced at a later stage. All in all, until the late 1960s, in most countries the more stable, costly and central welfare services such as social insurance, health care and education were becoming highly professionalized, standardized and centralized. More importantly, for a long time, development in these key areas set standards for welfare reform in other social service sectors, for example in elderly care where one strived for the same universal rights and professional standards as in health and education (for the German historical example, see Evers and Sachße, 2003).

The second hallmark of the classical welfare state can be dealt with more briefly. Until recently this concerned the clear *separation of structuring principles and spheres of influence between the state public and the private market sector*. This was also mirrored in the different steering mechanisms that dominated in each sector. Public administration and private management techniques, the ethos of civil *servants* (sic) working 'in the public interest' and the ethos of skilled industrial work and competition were fairly different. There was not merely a dividing line between public administration and private business – they represented two very different worlds and visions.

A third hallmark concerns *the role and impact of civil society* in the development of institutions of the welfare state and social services. With regard to this it is necessary, first of all, to explain the ways the term 'civil society' is used here. The term encompasses two dimensions (even if they are intertwined) of a society that is to some degrees a 'civic' one. The first constitutional dimension for a civil society is its ability to create a 'public sphere' made up by citizens with the rights to speak out and associate freely. A society is civic to the degree that rivalry between organized interests and associations representing them can be 'civilized' (Dubiel, 2001, p.133). Hence civil society is about the presence of politics in the social life of a (republican and democratic) political community (see, for example, Cohen and Arato, 1995; Habermas [1962] 1990).

A second dimension of a civil society has been brought to the fore by communitarian thinkers (Etzioni, 1995), by the contributions of Putnam (2000), the debates on voluntary action, user involvement and self-help (Borghi and Magatti, 2002), the third sector and welfare pluralism (Evers and Svetlik, 1993; Johnson, 1998). Here the participation of citizens is discussed mostly in terms of their active social participation, their role in service associations, school boards, voluntary work, community life and similar activities.

Civil society, then, means on the one hand a political space, the modern forms of an 'agora' kept alive by critical reasoning, concern for public debates and issues and civically tempered lobbying, for example on issues concerning the decisions of professional politicians on welfare services. On the other hand, civil society is also constituted of associations such as

mutuals, cooperatives or voluntary agencies and characterized by the active participation of citizens and users in running public schools or building up care services.

Against this background one could say that the development of welfare states up to the 1970s has both strengthened and weakened civil society and its impact. The impact has been strengthened with regard to the first dimension, the building up of representative systems of collective interest, a public realm and media linked with democracy and the nationwide influence of groups and citizens by organizations of professionals as well as consumer protection groups. However, with the development of the professionalized, hierarchical structures, 'private interest government' (Streeck and Schmitter, 1985) and their corporate systems of service negotiation and provision (for the German example, see Zimmer, 1999), the second dimension of civil society lost impact. The cooperation of lay people and volunteers, the role of local boards and associations, of active membership in mutuals and cooperatives – these forms of active participation became of decreasing importance in an expanding welfare and service state.

With the integration of umbrella organizations and nationwide agencies into the centralized bureaucratic structures of the welfare state, the intertwining of (local) social participation and (central) organizing of political influence weakened. The multiple forms of local social participation lost their political importance in central decision making, and the degree and character of the 'social embeddedness' (Granovetter, 1992) of service structures and their economy changed. Their future became a matter of big politics and professional lobbying rather than of the material contributions of local citizens and groups. On the way to the present civil societies, as Putnam puts it (2000, p.46), citizens became 'reasonably well-informed spectators of public affairs, but many fewer of us actually partake in the game', a statement that was and is still partly true in matters of planning and provision of social services.

### **A Reversal of Trends: the Changing Faces of Welfare and Social Service Provision in the Last Decades**

What has become visible above all is *a reversal of trends as far as the primacy of hierarchical structures in service provision is concerned*. This is demonstrated by attempts to preserve or upgrade the role of federal and municipal levels in general, but it is also a part of the present trend towards decentralization and 'devolution' in social welfare and, more specifically, in social services. One problem with social services, whose basic organizational models were shaped in an industrial age, is largely due to the double impact of mass production ('Taylorism') and bureaucratic centralization: they developed in a way that has been perceived in the last decades as being contrary to their role

as personal services, that is, as 'proximity' services. What matters most here with respect to proximity is not the need for 'objective' proximity of many social services (kindergartens or labour offices have to be near enough in order to be useful) but a 'subjective' proximity.

Proximity is 'subjective' when the kind of relationship that arises between the provider and the user determines the quality of the service (Laville and Nyssens, 2000). For example, in some urban regions people will develop a different attitude towards professional child care or demonstrate different degrees of willingness to use elderly care facilities than in other, perhaps rural areas. Further, the subjective factor of local culture and politics, as it is reflected in local concepts of the public good (Calhoun, 1998), matters increasingly in a modern society, to the degree that variations in tastes, preferences and orientations get, in general, more acknowledgment in a 'pluralist' society. After decades of unification around a single nationwide model of health or education services, the readiness to acknowledge such differences is challenging the basic concept of a single generalized 'one for all' model of service provision. That does not exclude national standards, but there is a search for a new balance between what must be general and what ought to be specific. Moreover, another aspect of proximity, the fact that personal social services are 'relational' because the relationship between the provider and the user lies at the heart of the provision (Perret and Roustang, 1993), has gained a new meaning. The idea of 'educating' clients through uniform and standardized services has lost impact and viability in a market society which has created a variety of ways in which there can be both uniformity and room for personalized services.

Hence, even if the concern with central standards is strong, the general tendency is to give more responsibility and autonomy to the single local organizations and service providers. Local service managers, while acting in the framework of general standards, have to find their own strategies in order to respond to local needs. In Germany, for example, hospitals and even schools are seen as organizations that should work with their own budget. With the introduction of social markets and a variety of providers, there is an additional incentive to create a new balance of universal standards and a diversity of service offers that should fit local peculiarities. Obviously, alongside the increasing autonomy of state public and municipal social services, their status difference with respect to third sector-based service providers may shrink.

This leads to the observation that the second characteristic of the classical welfare state, the separation of public administration and private management, of hierarchical redistribution and redistribution by market mechanisms, has considerably weakened as well. What we have been observing for decades is the trend *towards an increasing mixing of structural elements of market and state*. Welfare states increasingly define themselves as purchasers and regulators of services provided by private business. At the same time the new public

management has resulted in a restructuring of the public administration according to the routines that have been developed in private enterprises; these changes affect financing and investment, personal management and the takeover of such concepts as quality management, controlling and so on (Pollitt, 2000). While for a long time bureaucratic rules had a strong impact on markets, nowadays market logic, competition and price invade the public and third sector, thereby 'enterprising nonprofits' (Dees, 1998). 'In so doing, they have lost any specific political associations and become generally accepted as legitimate criteria to apply in devising the governance and assessing the performance of third sector organizations' (Deakin, 2001, p.39). In various sub-sectors of social services, such as health and social care, the steering mechanisms of hierarchy, networks and markets overlap and intertwine. In the face of such developments, traditional distinctions between sectors tend to 'obscure' (Abzug, 1999, p.144) such intermeshing and interlinkage. This points to the central thesis of this chapter: to see organizations that are geared by such a plurality of steering mechanisms as hybrids.

The overlapping of several steering mechanisms, as seen especially in the third 'intermediate' sector (for early analyses of this phenomenon, see Billis, 1984; Evers, 1990), has also to do with the position of many social services. In a way, social services are intermediate between individual and collective services. They are not fully collective goods, where exclusion is generally impossible (as for example with an urban environment), but neither can they be seen as sole individual goods. They simultaneously generate private benefits (flowing to the individuals who consume these services) and collective benefits valued by the whole community. Child care services serve individual children but they also affect the living and working conditions of mothers and families, the labour market, and so on. Therefore these services may be considered quasi-collective services – a source of social utility. Generally those who favour different forms of steering mechanisms accentuate different sides of the social services. Those who vote for more market rules and consumer choice, for example cash benefits instead of service provision, focus on the individual benefit, while those who favour public financing and regulation of providers will argue for the need for equality in service provision, avoiding choices in the generation and distribution of child care facilities that they deem unfair within the wider community (Badelt, 1997).

Altogether this means that a case can be made for market *and* state intervention. Furthermore, in changing contexts, past hallmarks of social services that seemed to give a kind of natural preference to provision by public authorities or not-for-profit providers will not work in the same way today. For instance, the well-known asymmetry in information to the disadvantage of the user, and the fact that many social services (for example elderly homes) are 'relational' and 'trust goods', should not automatically result in a disadvantage

to or exclusion of commercial providers. Information and trust can nowadays be handled differently; there are new channels for informing consumers better, and commercial organizations providing personal services have often been quite successful in developing marketing strategies and positive corporate identities that help in gaining trust. Again, this prohibits any idea of establishing a 'natural' place or sector when it comes to the provision of social services (Ben-Ner, 2000). Whether solutions for social service systems should follow a more state-led or a more choice- and consumer-led route is more than ever a matter of politics that must take into account a considerable number of aspects and effects.

Finally, there are many signs that the third hallmark of the classical welfare state – an institutionalization of the impact of civil society in terms of rather centralized forms of corporate governance, accompanied by a weakening of the more disperse forms of active social participation of citizens – has also lost its significance. The past decades have produced hundreds of publications that dealt with the *proliferation of user involvement, local initiatives, self help, local public-private partnerships, alliances and the contributions of various third sector actors*, not only as concepts, but as empirical realities. Internationally, civil society has largely recovered in terms of volunteering and membership in associations (Dekker and van den Broek, 1998). This revitalization of the local sphere, as a point from which wider issues, such as economic development and employment, have been raised, has even found an echo in EU policies (Commission of the European Community, 1996). Obviously, the citizen of today is first of all a consumer of standardized products and services delivered by big corporations and service chains, but that does not mean that his role as a co-producer of services and an active participant, be it in schools, care services or with respect to cultural services, has vanished.

Once again it may be useful to look at the links between changing habits, orientations and needs on the one hand and the role played by the historical extension of personal social services on the other. Their proximity flows from, or is reinforced by, the way in which the service itself is organized, in particular with respect to the degree of involvement of the users. They can participate either in the functioning of the service or in its conception (acting as members of the board of administrators, having a say about the mode of organization) or they can contribute by adhering to the (for example pedagogical) values defended by the organization. This is not new at all. In kindergartens run by a private foundation and in those established and run by a group of cultivated, well-off parents, this was already the case a hundred years ago. However, what is new following the massive building up of social services by the welfare states in the three postwar decades is the belief that social services as public sector-related mass services should or could have a

similar 'personalized' and plural quality (for an early analysis, see Gartner and Riessmann, 1974). Consequently, the extension of social services under conditions of more general rights, education and social competence creates a basis for putting direct participation, social cooperation and day-to-day voluntary contributions back on the agenda. A society whose civic character had for a long time been defined solely by its forms of centralized conflict regulation and participation in the large public space has been reconceptualized as a civil society by the addition of a second feature, the degree to which it allows direct and disperse forms of association and involvement.

While the bulk of such processes may be situated in third sector organizations, they can be found in local state-based and municipal organizations as well. If one takes, for example, not-for-profit cultural institutions on the local level, whether municipal or third sector-based, such as libraries, museums and theatres, one becomes aware of the fact that in most European countries these institutions survive to a considerable degree not only on public subsidies and sales but also on donations, the contributions of foundations, sponsorships and individual voluntary commitment; and these voluntary contributions from the civil society no longer have the exceptional and clearly upper class-based character of foundations or charities, or the character of (working) class solidarity that became prominent more than a hundred years ago. These are contributions that seem to be linked primarily with active citizenship. Summing up, one can say that there is a revival of the second dimension of civil society: the socioeconomic dimension of various forms of direct material participation, voluntary work or service development by association building.

#### SOCIAL SERVICE ORGANIZATIONS AS HYBRIDS: SUGGESTING AN ANALYTICAL CONCEPT

In the context of analysing such developments, the concept of 'hybrids' has been further expanded and differentiated. The impact of the respective components of the state, markets and of the social capital of civil society may vary a lot. But the value of thinking about service organizations according to their possible hybrid character lies in the fact that this approach is sensitive to the role of the less visible components (for example the civil society/social capital components that help a public school to survive). The focus is on the tensions and the side-effects of an intertwining of the different components and rationales, but also on the question of how best to bring out the potential of such a hybrid character and how to lessen its risks. Organizations that manage this to some degree have been labelled 'social enterprises' (Borzaga and Defourny, 2001; Evers, 2001; Laville and Nyssens, 2001). Four different dimensions of hybridization can

be distinguished (for a more detailed presentation, see Evers *et al.*, 2002; for the concept of hybridization, see also Laville and Sainsaulieu, 1998).

### The Analytical Concept of Hybrid Organizations: Four Dimensions

The first dimension concerns *resources*. Taking schools again as an example, it becomes clear that market components can be shaped by a differentiation of roles within a wider state financing (Gardin and Laville, 1998), for example the acquisition of additional financing in the course of a public subscription to take part in a model project. The supportive elements of civil society that have material effect vary greatly. Following the concept of Evers (2001), they can be best assembled under the label of 'social capital'. Usually, in the debate on the third sector, only two such 'social capital' resources are mentioned, volunteering and donations. Obviously there are many more forms of such resources to be taken into account: the links with foundations, various kinds of (public-private) partnerships and the impact of special support associations.

Two other dimensions that are constitutive of the hybrid character of an organization are *goals* and *steering mechanisms*. In the school system, for example, steering takes place through market mechanisms. The parents can choose between different public schools that compete for pupils. At the same time, there is a hierarchical steering mechanism at work by curricula and quality standards; finally, the local civil society also has a say, through the school board or the influence exerted by a parent support association. These different steering mechanisms that operate simultaneously have to be seen in conjunction with goals. The fact that neither a state public nor a third sector service provider is directed by the overarching goal of profit constitutes both a chance and a challenge. There is the chance to constitute a complex agenda, made up of various goals, but the challenge is to balance it and to keep the diversity of goals compatible. Taking once again the example of a school, one can see that state-based quality criteria should be fulfilled, while attempting to put the accent on a special provision and service that helps in the rivalry with other local schools. Finally, the linkages with partners in the neighbourhood may influence the agenda as well.

Processes of hybridization with regard to resources, goals and steering mechanisms can finally lead to the establishment of a new and different *corporate identity* that reflects the multiple roles and purposes of the organization. In interviews with leaders of organizations (Evers *et al.*, 2002, pp.72f) there were recurrent remarks such as the following: 'We aren't any more a public institution but rather a social enterprise' (a school director); 'We want to be a well managed enterprise and simultaneously an institution that expresses the core values of "Diakonie" – giving extra time for social and personal care' (the leader of a home care service run by the 'Diakonie', a protestant welfare agency); 'We have to learn to respect the commercial dimension of what we

are doing, cope with state regulations and at the same time get better rooted locally by more "fund and friend raising" (the director of a museum). These quotations have been chosen to illustrate an unfinished and perhaps to a certain degree open process of search for an identity – beyond the traditional offers of being a clear-cut public service, private enterprise or third sector organization.

### THE COSTS AND ADVANTAGES OF THE PRESENT PROCESSES OF HYBRIDIZATION

Organizations that are undergoing the kind of shifts described above expose both problems and potential. It has to be taken into account that, usually, hybridization processes cannot be seen as a part of an overarching strategy but must rather be understood as coping strategies. Without support from a social and political movement or a government policy, such processes have limited room for manoeuvre. Yet they differ from mere practices of adaptation (for example to a general trend of managerialism and privatization) to the degree that these coping strategies imply goals and aspirations such as defending professional standards, defending the public character of an institution or the attempt to respond to the commitment of other citizens and organizations.

#### Structural Risks and Potentials

Services and organizations that cultivate several dimensions may have an advantage when it comes to answering a variety of different expectations, or at least in balancing expectations and goals that otherwise seem only to be realized to each other's cost. In practice this could mean that, instead of having only the juxtaposition of private commercial schools, a 100 per cent public school system and a sector of 'faith-based' and pedagogically different schools, with each sectorial solution having its respective costs and limits, an opening up of the public sector might provide new possibilities. Schools could then be managed more autonomously, while the framework of state regulations would help maintain uniform standards, without the imposition of barriers to enriching the basic qualities of the school according to the degree of success in 'networking' with various supporting social organizations.

However, one may imagine at the same time the costs of such heterogeneity. To what degree will it be possible to maintain the integrative tasks of a public school system, once competition begins to force the schools towards selecting as early as possible those pupils that are 'bad risks' and 'bad investments' (pupils whose successful education needs more input while their misbehaving may spoil the school image)? Furthermore, it is well known that

matching various and different resources (public and private, financial and non-financial) can greatly increase the time needed for management. In addition, the budgeting logic of public households and the logic of making risky investments, but also the logic of making quick management decisions and the logic of participation, will always be in a state of tension with each other.

Besides such questions concerning the structural risks and potentials, there are questions with regard to the actuality of processes of hybridization, given the present state of the economy and the limits of coping strategies that are usually not backed by a concomitant public strategy for a renewal of welfare and social services. For the most part, then, costs and advantages of hybridization processes are hard to disentangle and it is difficult to measure the net results.

### Costs and Advantages Depending on the Policy Context

In practice one can mostly find processes of both *deprivation* and *enrichment*. What enrichment of services may mean can be easily figured out if one thinks of the examples of schools and cultural institutions already mentioned. In the field of elderly care services, there have been various international contributions (see, for example, Laville and Nyssens, 2001) as well as national studies (with respect to Germany, see Evers *et al.*, 2002) showing that the dynamics of local initiatives can make it possible to reach out to resources to which an elderly home as a closed institution will not have access (for example, visiting services, partnerships and so on). However, at the same time such advantages have to be set against processes of deprivation that result from the retreat of political authorities, the downgrading of services and a narrowing of their ambitions. Furthermore, the danger of a creeping commercialization of public cultural institutions in the context of shrinking public support and the need to operate in more businesslike ways is well known. Usually, no plan for volunteer support can simply counterbalance the massive effects of a retreat of public authorities from political and financial commitment, both in state public and third sector-based organizations providing services.

Alongside the effects of decentralization and of handing over autonomy, making small units fully responsible for risky undertakings that are sometimes out of their control, another challenge arises. Once again it can be expressed in contrary ways, by the terms '*diversity*' and '*inequality*'. Perhaps the best example of these issues can be found in the two coexisting child care systems in Germany: the patchy system that has grown with municipal support and responsibility in Western Germany and the all-covering system as it was inherited in the new *Länder* from the former German Democratic Republic (GDR). The charm of more cultural diversity in the West is clearly linked with its patchy character. In the present debate about schools, a recurrent argument against more autonomy of the single school unit is that more dependence on

local resources and support will then lead to a stronger mirroring of the social and cultural inequalities in a more localized school system. Furthermore, while schools or theatres need to be in touch with their local surroundings, too close a relationship with those who are most powerful within the area may disturb the autonomy needed for both pedagogics and the arts. Professional autonomy perhaps ought to be guaranteed by the support of a distant authority. Possibly every reader can quite easily develop conceptual answers that help to balance the need for guaranteeing more choice and diversity on the one hand and equality of access and standards on the other. However, the real question, for example for local politicians and managers, is how to cope with changes that are clearly unbalanced in this respect.

Another pair of intertwined chances and risks is represented by *participation* and *clientelism*. The usual discourse about the goods of strengthening the civil society, giving citizens more say in matters that have a direct impact on their daily lives, and about rolling back the influence of bureaucracies that are far away from the places and settings they control, is rather simplistic. In fact it is a difficult question to what degree elements of participative democracy and of a kind of 'contracting out' should take over some of the space held so far by representative and professional politics. The assumption that decisions on service systems run by a multi-stakeholder board are by nature superior to the ones made in the sub-committee of a local parliament is doubtful. There is perhaps as much clientelism to be found in self-administered social bodies and in participative processes as there is clientelism resulting from the interaction of representative institutions and bureaucracies.

### From Processes to Concepts of Hybridization: Making Use of Hybrids as Social Enterprises

The chances and difficulties that have been sketched point to the key role of politics and, more precisely, to the need for concepts of social services that strengthen the potential while limiting the costs of such processes of hybridization (Vaillancourt and Tremblay, 2001). However, before raising questions of 'good governance' of a mixed welfare system (Klijn and Koppenjan, 2000) one should look at the real state of the debate in welfare politics in Europe. The time of unmixed market orientation seems to be over and a kind of new consensus has been established on the fact that governance should matter and therefore needs to be modernized. But there are few signs that changing forms of governance will also imply the readiness to include those inputs from the civil society that have been described before. The reader may check against the reality of her or his own country in what policy sector and to what degree issues like strengthening user involvement in service provision, partnerships, multi-stakeholder arrangements and other related items have won ground.

Given such a background, the operational working title of *social enterprises*, as has been suggested for example in the UK debate (see Chapter 6), taken up by cooperatives or networks of scientists like the EMES group (see the contributions in Borzaga and Defourny, 2001), and as defined by the authors, simultaneously represents two things. It describes realities and it points at a future wherein, it is hoped, the crucial element of social enterprises – the presence of civil society and its social capital – can have more impact and win more acceptance. The definition of a social enterprise as a special form of social service provision that takes shape by hybridization would then be as follows:

- it has a considerable degree of autonomy;
- it is using this autonomy in order to develop an entrepreneurial style of action;
- it is ready to balance social goals and steering inputs, as they come simultaneously from state-related and local civil society-based stakeholders, against its market relations;
- it is purposefully safeguarding positive social effects not only for the individual users but also for the larger community.

### THE THIRD SECTOR, CIVIL SOCIETY AND THE RECASTING OF SOCIAL SERVICES: THREE CONCLUSIONS

It has been argued that changes in the development of social services and welfare states have led to hybridization processes in many organizations that provide social services. Public services may take characteristics that were traditionally a hallmark of third sector organizations only, such as the strong impact of social capital resources and links to local or group-specific settings, and third sector organizations have increasingly been influenced by state public funding, purposes and regulations. At the same time managerialism and a competitive environment have gained importance throughout. In three concluding remarks what can be seen as the most important implications of the approach as it has been sketched here are underlined, both for the orientation of academic research and for a debate on social services, welfare and the third sector.

#### **One Should Underline the Communalities Rather than Only the Differences Between Many Social Services Provided in the Public and the Third Sector**

Given the fact that many third sector organizations build strongly on public rules, programmes and money and that state public organizations often allow for a considerable degree of direct local and group-related participation, it is often hard

to say where the third sector ends and the public sector begins. The more public services involve not only representative democracy and hierarchical administration but also local autonomy and various forms of social and civic participation, the more the difference between them and third sector organizations is diminishing. Drawing a line between hybrids in the public and the third sector would then be more a political task. The challenge would, for instance, consist in defining the 'critical' level of impact of public authorities dominating other co-structuring principles where one should say that an organization is no longer to be seen as third sector-based (for a discussion of this point, see Anheier and Kendall, 2001, p.243).

#### **Civil Society Concerns Social Services and Welfare Institutions in the Whole Public Realm, Not Just Those in the Third Sector**

The second conclusion concerns the fact that the perspective here is crucially different from the usual one of strengthening a far-reaching third sector as the only possible antidote to a development that is marked by an ever-increasing intimate mix of big business and big administration. The perspective suggested here is instead concerned with reinvigorating the public sphere at large by strengthening fundamental principles of a civil society as, for example, participative forms of governance and direct forms of self-organization and user involvement, even though such an impact of 'civic' principles is valid to different degrees for services that serve the public good in either way, whether state/municipality-based or preponderantly civil society-based.

There is then no such thing as a 'civil society sector' (Salamon and Anheier, 1997). It would be misleading simply to identify the benign effects of building a more civic society with the growth of a third sector. Once the notion of a sector is seen as secondary to the need for analysing the impact of different co-structuring 'principles' (for example competition, state control, user involvement) in a given field of welfare services, one comes to the point where, in a mixed welfare system, it will not be the sector that matters but the balance of competing principles that structure a policy field and the organizations to be found there. 'It might be better . . . to generalize original nonprofit aims so they can apply to other organizations as well. Strategies to civilize service-delivering institutions and make them more democratic . . . should no longer be restricted to nonprofits' (Dekker, 2001, p.67; a similar argument that insists on the central role of voluntary *action* rather than of a voluntary *sector* has been given by Perri 6 and Diana Leat, 1997).

#### **A Concept of Civil Society Should Entail and Acknowledge the Social and Economic Everyday Participation of Citizens**

It has already been underlined in the first section of this contribution that there are many notions of the civil society that view the socioeconomic dimensions



of participation as casual and rather marginal features. One aspect of that is the neglecting of the distinct 'local' and 'reform' economies of service organizations which are tied to a specific community, or which took shape as a part of the cooperative or mutualist legacy. Another aspect of that is to neglect components of a civil society such as voluntary work, various forms of community involvement, local self-help or user involvement in social services.

Concepts of civil society as a mere space for deliberation and for the defence of interests do in fact only know two (service-) producing agencies, the state and the market. Consumer lobbies, public debates and new forms of governance, together with state regulation and financing, are trusted to ensure that more private businesses in social service provision work for the citizens, enabling them to act as informed and protected consumers. The trust in the civilizing impact of the public space and of the critical reasoning of a civil society can then well be used to justify more market provision in matters of welfare. From such a perspective it can be seen to be consistent when the European Union, on the one hand, plans to abolish special state support that 'privileges' third sector or public service providers competing with commercial providers on a European market (Commission of the European Community, 2000a) while, on the other, building a stronger partnership with NGOs (Commission of the European Community, 2000b), giving by means of European Social Forums more voice and greater visibility to organizations that defend the interest of the citizen as a consumer of private and public services. However, against such a concept of civil society, it has been argued that, in face of services and 'politics at a distance' (Putnam, 2000, p.341), the interest in and competence for a qualified public reasoning might get lost. Critical reasoning does (not in each and every individual case, but in general) presuppose real experiences of people being involved as cooperators or stakeholders of service organizations. If one agrees that a stronger civil society is needed, to what extent does this entail an agreement on the need to strengthen everyday forms of commitment and involvement that contribute to different forms of 'economy' in service provision? Should such things as voluntary commitment or social cooperatives only be exceptional features, in service niches or emergency cases? Or should a degree of active involvement be a part of the design of the everyday 'mainstream' services of the future welfare state? Only by debating this question will the flourishing civil society rhetoric get a more precise meaning with respect to the future of social services, the third sector and the welfare state.

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